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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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Giovanni Guidi

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EXAMINER

APPLE, KIRSTEN SACHWITZ

ART UNIT

PAPER NUMBER

3693

MAIL DATE

DELIVERY MODE

05/10/2007

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

09/885,352

Applicant(s)

GUIDI ET AL.

Examiner

Kirsten S. Apple

Art Unit

3693

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 15 February 2007.
- 2a) ☒ This action is FINAL. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-8 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-8 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

Election/Restrictions

Applicant's election without traverse of Claims 1-8 in the reply filed on 2/15/07 is acknowledged.

Claim Rejections - 35 USC § 102

The Examiner has read and reviewed all of the information provided by the Applicant. The examiner rejects as final claims 1-8 under 35 USC 102.

The Applicant attention is re-drawn to the following:

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 1-12 are rejected under 35 U.S.C. 102(e) as being anticipated by Nieboer US Patent 6,418,419.

Re claim 1: Nieboer discloses:

A computer implemented method of financial instrument trading (see Nieboer, title), comprising:

Calculating a financial risk associated with a first financial instrument based on a pricing volatility model (see Nieboer, column 3, line 48 "volatility offering")

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Generating an order to hedge the first financial instrument by acquiring a second financial instrument at a target price that is determined based on the pricing volatility model (see Neiboer, Figure 15, conditional order charts) and

Transmitting the order to an exchange (see Neiboer, Column 22, line 57-61)

Re claim 2: Neiboer discloses:

Acquiring the second financial instrument = acquiring a position selected from the group consisting of a short position and a long position in the second financial instrument (see Nieboer, column 17, line 7-10)

Re claim 3: Neiboer discloses:

Order to hedge = an order to acquire a second financial instrument having a valuation behavior acting to offset valuation change of the first financial instrument (see Nieboer, Table at top of column 13 & 14, "calculator" "input price and hedge – output new price")

Re claim 4: Neiboer discloses:

Order = buy order at a target price less than the current asking price (see Neiboer, Figure 15, buy order = buy, sell order = sell, asking price = trade)

The method further comprises generating a second order to hedge comprising a sell order to sell the second financial instrument at a target price greater than the current bid price for the second financial instrument and price (see Neiboer, Figure 15)

Transmitting the order = transmitting the buy and sell order to the exchange such that both the buy and the sell order are simultaneously pending and execution of the

buy or sell order is determined based on price movement of the second financial instrument. (see Neiboer, Column 22, line 57-61)

Re claim 5: Neiboer discloses:

Automatically generating a subsequent order to acquire the second financial instrument in response to a change in the pricing volatility model (see Neiboer, figure 2, item T2)

Re claim 6: Neiboer discloses:

First financial instrument =an option on an underlying stock and the second financial instrument comprises the underlying stock (see Neiboer, Figure 14)

Re claim 7: Neiboer discloses:

Model is based on a first derivative of the option price with respect to a first derivative of the underlying stock price (see Neiboer, Figure 14)

Re claim 8: Neiboer discloses:

Financial risk comprises a risk associated with pricing volatility of the first financial instrument (see Nieboer, column 3, line 48 "volatility offering")

Response to Arguments

Applicant's arguments filed 10/4/06 have been fully considered but they are not persuasive.

In particular, and respect to Claim 1 the Applicant argued 1st: general remarks that Neiboer does not teach "automatically hedging financial instruments"

The Examiner refutes the argument made by the Applicant and draws the attention to Nieboer abstract. The applicant claims "financial instrument trading" and Nieboer sites "buying and sell of securities" (abstract, line 4) – these are identical items.

Applicants argued 2nd, Nieboer does not teach "calculating a financial risk associated with a first financial instrument based on a pricing volatility model"

The Examiner refutes the argument made by the Applicant and draws the attention to Nieboer column 3, line 48, 'volatility offering.' The applicant expresses disagreement with this citation by stating that Nieboer is presenting the "same substance in different format". The examiner agrees that this is true one could represent "1 + 1" or one could represent "2" this is the same substantial information but a calculation need to take place – the examiner argues that it is implicit that any necessary calculating were conducted in Nieboer. The examiner recommends that if the applicant believes this is substantially different they submit an RCE with amended claims defining the "pricing volatility model" of the applicant in further detail as to differentiate it from the prior art.

Applicants argued 3rd, Nieboer does not teach "generating an order to hedge the first financial instrument by acquiring a second financial instrument at a target price that is determined base on the pricing volatility model"

The Examiner refutes the argument made by the Applicant and draws the attention to Nieboer, Figure 15, "conditional order charts" - clearly this is a model and the language of "conditional order" is identical to that of a "model." The applicant explained that no reference to automatic hedging of a financial instrument by acquiring another is provided. As the applicant quoted from Nieboer "an order using the current hedge" the examiner argues is sufficient to read on the claim.

The examiner would like iterate that the spec may have material that in its broadest reasonable interpretation is patentably distinct from the prior art referenced. The examiner would recommend the applicant submit and RCE and amend the claim to further specify these differences. In particular the more detail and definition of the

"pricing volatility model" spelled out in the claim – how it is calculated and used may help to put this case in condition for allowance.

The examiner would be supportive of having a interview after an RCE and amended claims with additional clarity on "pricing volatility model" is added.

Conclusion

THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Contact Information

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Kirsten S. Apple whose telephone number is 571.272.5588. The examiner can normally be reached on Monday - Friday 7:30-6:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Trammell can be reached on 571-272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-272-6126.

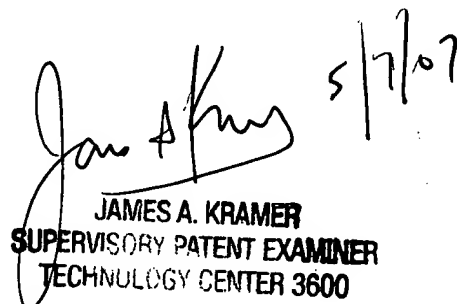
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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

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